



Subject: SB 391 (DeSaulnier and Steinberg; Atkins, principal co-author)
California Homes and Jobs Act of 2013

Recommend Position: Support

CITY COUNCIL ACTION REQUEST

<u>Department:</u> Housing	<u>CEQA:</u> N/A	<u>Coordination:</u> City Manager's Office and City Attorney	<u>CMO Approval:</u>  <u>Dept. Approval:</u> /s/
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RECOMMENDED ACTION:

Approve support for SB 391 (DeSaulnier) – the California Homes and Jobs Act of 2013

BILL SYNOPSIS:

SB 391 is identical to SB 1220, first introduced in 2012, which the Council voted to support. SB 391 would create a new State fund called the California Homes and Jobs Trust Fund, a permanent source of funding for the creation of affordable housing for low- and moderate-income Californians. If enacted, a fee of \$75 would be imposed on the recordation of all real estate documents, excluding documents related to the sale of a property, to support the development, acquisition, rehabilitation and preservation of affordable homes, including transitional and permanent rental housing, foreclosure mitigation, and homeownership opportunities. It is estimated that this fee will generate between \$300 and \$600 million each year for affordable housing in California. Since the proposed fee is considered a tax under State law, it will need a 2/3 vote of the Legislature.

IMPACTS TO CITY OF SAN JOSE:

If created, SB 391 would provide much-needed funding to finance and build affordable housing units in San Jose, which has added importance with the loss of 20% Low and Moderate Income Housing funding as a result of the dissolution of the State's redevelopment agencies. Funding is critically needed in order to increase, preserve, and improve the City's affordable housing stock, creating the units needed to house the City's workforce as well as to ending chronic homelessness. While the bill does not contain an allocation method for distributing these funds or the scope of eligible uses, it represents a critical first step in identifying a permanent source of funding for California's dormant and empty Housing Trust fund that was created in 1985. If approved, California would join 38 other states that already have housing trust funds with permanent ongoing revenues, including five—Missouri, Ohio, Oregon, Pennsylvania, and Washington—that have dedicated ongoing revenues generated by document recording fees.

In 2012, Council heard the bill twice (when it was SB 1220). The bill did not receive the necessary six votes the first time due to concern over opposition by the California Association of Realtors (CAR). After CAR changed to a support position, Council heard the bill again and voted to support. The bill, which needed a 2/3rds majority in Sacramento, failed on a party line vote in the Senate falling two votes short of passage. Because the makeup of the Senate is different this year in addition to an organized campaign, it is thought that the bill has a much stronger chance of passage. At the March 12, 2013 Council meeting, staff was asked to bring the bill back directly for Council reconsideration.

POLICY ALIGNMENT:

This bill aligns with the Council-approved *2013 Legislative Guiding Principles and Priorities* to support the creation of new permanent sources of funding for affordable housing at the State level.

SUPPORTERS/OPPONENTS:

Support: The bill is co-sponsored by Housing California and the California Housing Consortium, and has more than 240 recognized supporters, including the Silicon Valley Leadership Group and the California Building Industry Association. The Mortgage Banker's Association, which opposed last year's bill, and the California Association of Realtors have taken neutral positions. It is anticipated that CAR will support the bill at its May meeting.

Opposed: Opponents may be similar to last year's, which included six organizations, including the California Taxpayers Association.

STATUS OF BILL

SB 391 was introduced on February 20, 2013 and referred to the Senate Transportation & Housing Committee (hearing date set for April 9) and the Government & Finance Committee (hearing date not yet determined). If passed by the Committees, the bill, a fiscal bill, will then go to Senate Appropriations Committee before a full vote of the Senate. Bills must pass out of their house of origin before June 1.

FOR QUESTIONS CONTACT: LESLYE CORSIGLIA, 408-535-3851